

**Town Council Minutes
Morehead City, North Carolina**

Tuesday, August 12, 2014

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, August 12, 2014, at 5:30 p.m., in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

MAYOR:	Gerald A. Jones, Jr.
MAYOR PRO-TEM:	George W. Ballou
COUNCIL:	William F. Taylor
	Demus L. Thompson
	Harvey N. Walker, Jr.
	Diane C. Warrender
CITY MANAGER:	David S. Whitlow
CITY CLERK:	Jeanne M. Giblin
CITY ATTORNEY'S OFFICE:	Nelson W. Taylor, III; Derek Taylor; Mike Thomas
OTHERS:	Webb Geer, Sharon Mulder, Sarah Geer, Nancy

Geer, Lois Webb Geer, Paul Geer, Matthew Geer, Corinne Webb Geer, Linda Staab, Eric Remington, Tom Gatewood, Ken Schwenke, Linda J. Howard, Barry McCrory, Rodney B. Kemp, Sam H. Guthrie, Layal Hamad, Zayn Hamad, Malcolm Selden, Kitty Brawley, Sandy Bell, Carlee Brown, Terrance Brown, Bobbi Dees, Donna Hardson, Kim Willis, Melodie Darden, Chase Cullipher, Ron Cullipher, Jeannie M. Riggs, Russell Lewis, Katlyn Gillikin, Sharon Horn, Chase Flowers, Catherine Clarkson, Eileen Morgan, Colliver Wells, Sally Strollo Lumpkin, Cathy Nagle, Bernette Morris, H. N. Welden, Jr., Ben Robimson, Amanda Schuler, Carolyn G. Jones, Doil Killmon, Glenda Bell, Phyllis Gentry, Gary Gentry, Iyona Dickerson, Bill Cassiter, Rebecca Norman, Adelaide Willis, Jonathan Elbid, Jennifer Pope, Monique Whilfuld, Krista Kay Willis, Michelle Forbush, Norma Wagaman, Lee Ivy, Bill Johnson, Dona Styron, Paige Mewborn, Sheree Lynn, Jesse Vinson, Lou Wilson, Porter Wilson, Eric Broyles, Alyce Kelly, Curtis Hickman, Janice Bynum, Lynne W. Brown, Leslie Craft, Sheila Brodman, Mark Hibbs, Reporter, THE CARTERET NEWS TIMES, Lee Hinson, Dean Vutz, Mike Collins, Keri McCann, Jeff McCann, Saed Hamad, Belal Hamad, Vickey Barwick, John Hamad, Marjan Hamad, Joe Beam, Summer Ali Hamad, Joe Barwick, Randall Casper, Bill Brown, John T. Capps, Robert Purifoy, Andrew Wheeler, Forrest Bing, Jr., Mack Baker, David McCabe, Candace Roney, Daniel Williams, Rachel Stewart, Drew Rike, Linda Rike, Wyatt Rike, Tammy Scott-Garner, Joseph Moran, John H. Smith, Shirley Smith, Debra Stinson, Skeet Woolard, Tom Saunders, Daniel Fischler, Marcela C. Topping, Robert L. Crawford, Jr., Tom Kies, Curtis Struyk, Adrian Holler, Annette Holler, Samar Hamad, Beth Atkins, Jane Gordon, Tommy Bennett, Carolyn Schultz, Sue Stanley, Holly Fletcher, Rob Darden, Kim Stephenson and several others.

I. Regular Meeting Call to Order, Invocation and Pledge of Allegiance

Mayor Jones called the meeting to order at 5:30 p.m. Councilman Thompson gave the invocation and all joined in The Pledge of Allegiance.

II. Special Presentations

II.A. Resolution of Sympathy 2014-30 for Former Councilman Paul Hamilton "Sonny" Geer, Jr.

The Town of Morehead City strives to honor those citizens who have performed exemplary service for the betterment of its citizens. Paul Hamilton "Sonny" Geer, Jr., who passed on February 12, 2014, was a member of the Morehead City Planning Board and also served as a Councilman from 1983 to 1995. In addition to being a renowned Morehead City waterfront businessman he served on the boards of many civic organizations. Corrine Geer introduced her family. Mayor Jones presented the family with a Resolution of Sympathy. Mrs. Corinne Geer said it was her husband's pleasure to serve, that he loved the Town of Morehead City and his family will continue to serve the City.

II.B. Resolution of Recognition 2014-31 in Honor of the Morehead City Woman's Club

On Thursday, May 8, 2014, the Morehead City Woman's Club held its final meeting on the grounds of the Webb Memorial Library. This organization carried on the tradition of

serving the citizens of Morehead City for over 93 years and was instrumental in the founding of the Webb Memorial Library and was a major donor to various charities. Mayor Jones presented the several representatives of the Woman’s Club with a Resolution of Recognition.

II.C. Voter Rights Coalition – Dona Anastasi-Styron

Ms. Anastasi-Styron, who is representing the Voter Rights Coalition, made a presentation on the new rules for voting in North Carolina. The Voter Rights Coalition is a nonpartisan organization dedicated to educating the public on the new voter rights laws. She spoke about the Voter Rights Coalition and explained the new voting laws which began in May 2014 and will be instrumental in future elections.

III. Adoption of the CONSENT AGENDA

III. A. Approval of Minutes: Tuesday, July 8, 2014 – Regular Meeting

Approved the minutes of Tuesday, July 8, 2014, Regular Meeting and dispensed with the reading.

III.B. Approve the Requests for Release of Overpayment of Ad Valorem Taxes for July 2014; and Accept the Tax Collector and Finance Director Reports for July 2014

There were no requests for release of overpayment of ad valorem taxes for July 2014.

Accepted the Tax Collector and Finance Director Reports for July 2014. [The Finance Reports are attached to and incorporated into these minutes herein by reference.]

III.C. Award the Bid for the 95 Gallon Recycling Roll-Out Carts to the Low Bidder, Otto Environmental Systems of Charlotte, N.C. in the amount of \$171,648

At the recent Public Works Committee Meeting the review of bids for 95 gallon Recycling Roll-Out Carts was conducted. The bid tab was as follows:

	Otto Environmental Systems (NC), LLC	Cascade Engineering, Inc.	Rehrig Pacific Company	Toter, LLC
3,600 Recycling Roll Out Carts, 96 gallon, blue	\$160,056 (\$44.46 ea)	\$ 168,300 (\$46.75 ea)	\$ 177,192 (\$49.22 ea)	\$ 189,828 (\$52.73 ea)
3,600 Ultra High Frequency RFID tags embedded in the cart	\$ 1,800 (\$0.50 ea)	\$ 1,800 (\$0.50 ea)	\$ 2,700 (\$0.75 ea)	\$ 2,700 (\$0.75 ea)
Brand Plates	No Charge	No Charge	No Charge	No Charge
Freight	\$9,792	\$12,000	\$11,780	\$9,000
Total	\$171,648	\$182,100	\$191,672	\$201,528

Bids were received on July 29th with four [4] cart manufacturers responding. The low bid is from Otto Environmental Systems of Charlotte, NC in the amount of \$171,648.00 for 3,600 roll out carts. The budget for this purchase is \$195,000.

The low bid vendor will provide a sample cart for testing its use on our contractor’s cart lifters to ensure proper dumping. The carts carry a 10-year warranty. References provided by the vendor as well as those provided by our Grantor (NCDEACS) have all been favorable. Carts will be received in mid to late October with City wide delivery occurring immediately afterwards.

The Public Works Committee of the Council recommended that the bid be awarded to the low bidder, Otto Environmental Systems.

Awarded the Bid for the 95 Gallon Recycling Roll-Out Carts to the Low Bidder, Otto Environmental Systems of Charlotte, N.C. in the amount of \$171,648.

III.D. Voluntary Contiguous Annexation Request for Keith and Mary Fowler for property located at 4503 Country Club Road, PIN #6366-1176-0045-000, 0.46 acres, Zoned R-20 [Single Family Residential] District – Adopt Resolution 2014-34 Directing the Clerk to Investigate the Petition and Resolution 2014-35 Setting the Date of the Public Hearing for Tuesday, September 9, 2014, at 5:30 p.m.

The property under consideration for annexation (6366-1176-0045-000) is contiguous to the present city limits, contains approximately 0.46 acre and is zoned R20 (Single-Family Residential District). The site in question is not part of a subdivision, and therefore will not fragment a subdivision. The current tax value of the property is estimated to be \$89,675. Based on a 33-cent tax rate, \$295.93 in tax revenues would be generated. Water and sewer will be accessed from Country Club Road. All costs associated with extending the water/sewer service to the newly annexed property will be the responsibility of the owner.

Adopted Resolution 2014-34 Directing the Clerk to Investigate the Petition and Resolution 2014-35 Setting the Date of the Public Hearing for Tuesday, September 9, 2014, at 5:30 p.m. for voluntary contiguous annexation for Keith and Mary Fowler for property located at 4503 Country Club Road, Morehead City. [Resolutions 2014-34 and 2014-35 are attached to and made a part of these minutes herein by reference.]

III.E. Adopt Budget Ordinance Amendment 2014-31 for Appropriations in the General Fund, Water/Sewer Fund and Water Sewer Capital Project Fund; and Budget Ordinance Amendment 2014-32 Related to Extension of a Sewer Line On Business Drive in the Water/Sewer Extension/Improvements Capital Project Fund

The purpose of Budget Ordinance Amendment 2014-31 is to:

General Fund

- Appropriate restricted fund balance in the amount of \$6,515 to recognize a donation by the Neal Foundation received in late June 2014 for the purchase of canine cooling units for the Police Department service dogs and increase Police Department budgeted expenditures by the same amount.
- Appropriate unrestricted fund balance in the amount of \$4,585 and increase Police Department expenditures the same amount for ammunition ordered in the prior fiscal year but not delivered until July.
- Appropriate unrestricted fund balance in the amount of \$30,000 and increase Central Services expenditures the same amount to pay settlement costs related to the civil action entitled Vincent/Mary Ellen Martin vs. the Town of Morehead City and USAA Federal Savings Bank.

Water/Sewer Fund:

- Appropriate fund balance and increase expenditures in the Water/Sewer Fund in the amount of \$58,675 to complete Contract 84 for installation of flow meters at Lift Stations 16 and 17.
- Appropriate fund balance in the Water/Sewer Fund and increase Transfers to the Water/Sewer Annual Capital Project Fund in the amount of \$188,000 for projects expended in the Water/Sewer Annual Capital Project Fund as follows:
 1. Contract 81 for rehabilitation of the Emeline Dr. Pump Station (#8)-balance to complete is \$107,750.
 2. Contract 85 for sewer work at 9th and Bay Streets-balance to complete is \$80,250.

Water/Sewer [Annual] Capital Project Fund:

- To recognize a Transfer from the Water/Sewer Fund and increase expenditures for the purposes noted in item numbers 1 and 2 above in the Water/Sewer Fund.

The purpose of Budget Ordinance Amendment 2014-32 is to increase revenue and expenditures related to the extension of a sewer line on Business Drive.

The Finance Committee of the Council reviewed the amendments and recommended approval.

Adopt Budget Ordinance Amendment 2014-31 for Appropriations in the General Fund, Water/Sewer Fund and Water Sewer Capital Project Fund; and Budget Ordinance Amendment 2014-32 Related to Extension of a Sewer Line on Business Drive in the Water/Sewer Extension/Improvements Capital Project Fund. [Budget Ordinance Amendments 2014-31 and 2014-32 are attached to Ordinance Book #7 in the vault.]

Councilman Ballou MOVED, seconded by Councilman Taylor, and carried unanimously, to adopt the CONSENT AGENDA with one [1] motion.

IV. Public Hearing: Adopt Ordinance 2014-29 and Resolution 2014-32 of the Council of the Town of Morehead City, N.C. to Amend Articles 2-2 and 11-3 of the Unified Development Ordinance [UDO] to Add a New Definition for “Condominium Hotel/Condotel” and to Add the Use as a Permitted Use in the Office and Professional [O & P] District

Planning Director Linda Staab reported that a request was submitted by Samer Hamad and Curtis Struyk to amend Articles 2 and 11 to allow for condominium hotels in the O & P district.

At the Planning Board Meeting on July 15, 2014, numerous individuals made comments regarding the request and representatives of the applicant as well as representatives of Senior Care Properties LLC discussed the applicability of sections of the CAMA Land Use Plan. Tom Outlaw made a MOTION, seconded by John Creech, to recommend adding the use as a Special Use in lieu of the requested Permitted Use in the Office and Professional (O & P) District; the Board also recommended adding the definition as proposed by the applicant, [Multi-family dwelling in condominium form of ownership utilized for mixed transient and permanent occupancy, in which some or all units may be rented out by the owner(s) on a daily or more extended basis] with the exception that the definition will specify that the on-site front desk will operate on a twenty-four [24] hour basis. The motion carried unanimously. Tom Saunders made a MOTION, seconded by Jackie Maucher, to recommend adding a parking requirement of two [2] spaces per condotel unit. Density would be limited by the parking requirement. The motion carried unanimously. The Planning Committee of the Council reviewed the request.

Councilman Ballou commented that the justification of the O & P District was its use as a buffer between business and residential areas.

Mayor Jones opened the public hearing stating that the applicants would be allowed 20 minutes for their presentation and everyone else wishing to speak would have to adhere to two [2] minutes.

Beth Atkins, attorney for the applicants, stated that the applicants agreed to abide by the specific recommendations as requested by the Planning Board. The applicants want to make the use of the property as low in intensity as possible. In her opinion, the condotel would be a moderate activity type of business emphasizing a condominium with permanent residences with the allowance of short term rental of some of the properties. The applicants requested a Permitted Use in the Office and Professional District. The applicants have observed where hotels are located in other cities and feel it is not inappropriate to have hotels in buffer districts such as an O & P District.

Jane Gordon, an attorney for the applicants, spoke about the congruence of this application with the CAMA Land Use Plan. She commented that Downtown Mixed Use areas allow a wide variety of uses. She spoke about the expansion of the Carteret General Hospital and the need for overnight lodging. It was her opinion that a condotel would be an economic driver for the area. Hotels provide a buffer between residential and business districts. The application is consistent with the Land Use Plan.

Curtis Struyk stated that he was a local businessman and developer. He continued that he was instrumental in the success of the local EJW store on Arendell Street. He spoke about the Islander Hotel in Emerald Isle which he purchased and redeveloped and his knowledge of the condotel business and his past success. It was his opinion that a condotel in downtown Morehead City would be good for economic traffic and a positive influence on the area. The business community would like to see the fruition of this application. He distributed copies of a petition signed by individuals in favor of this development. He concluded by stating the applicants would like to market the facility as a condotel and have short term rental of the various units.

Councilman Taylor questioned of the proposed 52 units, how many would be made available for overnight rental?

Mr. Struyck stated the plan is to sell 20 units, and manage the rest as a hotel.

Councilman Walker questioned why the developers felt the need to modify the Planning Board recommendation of Special Use instead of Permitted Use and were the residents in other cities as vocal against the development of their other such projects?

Samar Hamad replied that initially yes, there was opposition to their redevelopment of the Islander Inn in Emerald Isle until the project was explained to the residents. At this time, the developers are looking at an expansion at the Islander Hotel in Emerald Isle. Upon a question from Councilman Walker, Samar Hamad replied that the applicants have experience in such projects as a condotel and that they have converted hotels to condotels. He continued that his business partners requested Permitted Use to rent some of the units nightly. If the Council were to vote the project as a Special Use, the application would be subject to delays by having to apply to the Board of Adjustment for a determination which could be challenged and have to be taken to court. This could make the project economically unfeasible.

Councilman Walker replied he wanted the project to happen, but also wanted to be as cautious as the Planning Board was in making their recommendation.

Samar Hamad commented that if the project could not be approved as a Permitted Use, it would not be constructed.

Eric Remington, Representative of Senior Care Properties, LLC which owns the adjacent nursing home requested that the Council deny the request. He continued that a condotel could be placed within the commercial zones in Morehead City. He demonstrated on a map where all hotels/motels, etc. could be placed in commercial areas. He was of the opinion that the condotel in an O & P zone should be modified as a Special Use as all the uses listed under Special Use have a residential component to them. He continued that the applicant's request appears to conflict with policy statements in the Unified Development Ordinance [UDO], specifically Article 12. He advocated that the O & P zone had to have limitations on noise, parking, building height, etc. In other towns condotels are a Special Use or have limitations placed on them. Condotels are individually owned. The proposed condotel is conjoined with the present nursing home. If a condotel is allowed on the site, it will make problems for the nursing home. He then showed a list of hotel properties in Morehead City which were available for sale.

Mayor Jones opened the comment period to individuals.

Joe Beam of 5235 Webb Court, Morehead City said he has lived in Morehead City since 1953. He owns property in the downtown area and interested in its development. He is in favor of the condotel and is in fact looking to downsize and is interested in a two [2] bedroom, two [2] bath condominium at that site as it would be a perfect arrangement for his lifestyle.

Tommy Bennett of 4513 Country Club Road, Morehead City stated he supported the effort to bring a waterfront hotel to downtown Morehead City. He explained that he currently operates a hotel sited next to the O & P zone which has been there for many years without neighborhood incident. The Morehead City waterfront is beautiful. He questioned, "Is Morehead City open for business or hoping for business?" He advocated the continued development of the Morehead City waterfront.

Porter Wilson of 704 Evans Street, Morehead City and owner of Arts and Things, stated that his 95 year old mother-in-law was evicted from Harborview Towers and lost sums of money. Economic traffic has diminished in the downtown area and there is a need for a hotel to revitalize the area. In other cities you can walk from a hotel to a local business or a residential area. He was in favor of the application.

Tom Kies, Director of the Downtown Morehead City Revitalization Association [DMCRA] spoke about the purpose of the organization. He continued that in a 2012 survey about downtown Morehead City development, the top request was for a hotel. There is a need for a downtown hotel. Business travelers need a hotel for one [1] or two [2] nights. Beaufort has two [2] hotels and three [3] Bed & Breakfasts which have been very successful in Beaufort. He was in favor of the application for Permitted Use.

Joe Barwick of 203 Prancer Drive, Beaufort and owner of 1104 Arendell, Morehead City where a psychology practice is located stated he was excited about the project. He was able to build a dog kennel in an industrial area of Morehead City and was allowed the zoning change. If the change were not allowed, he would not have his business. He was also associated with Carteret Community College which, in conjunction with North Carolina State University, was very interested in building a facility on campus where graduate students and scientists could stay, but was unable to do so. He stated that the condotel would be well used by the College. He strongly urged the Council to approve the application as a Permitted Use.

Rebecca Norman Chairman of Carteret County Advisory Committee Eastern for the Nursing Homes stated that placing a condotel in Harborview Towers would not be good for the residents of the nursing home, many of whom were bedridden. She stated she had to look out for the nursing home residents and questioned, "If you had a parent who was going into a nursing home, would you want the nursing home close to a hotel?"

Joe Mitchell, Ace Refrigeration, 610 Arendell Street, Morehead City stated that back in 1949, his mother rented rooms in their private residence, and therefore, he felt that he was raised in a condotel. He was in favor of the application. He also commented that a bus service was needed also.

Tom Gatewood, with Harborview Health Care Center stated that he was in opposition to the zoning change. He continued that a nursing home and condotel do not mesh and that health care professionals in the area agreed. The noise, smoking, etc. will impact the nursing home. The buildings which are currently conjoined will have to be separated and he wanted to know who will bear the costs for this. Harborview Health Care Center would prefer senior condominium housing at the proposed facility. Harborview Health Care Center is at 99 percent of capacity and it is the same for the other nursing homes in the area. There are 85 or more patients currently at the nursing home which employs about 100 individuals. He stated he was speaking on their behalf.

Carolyn Schultz of 102 Taylor Lane, Morehead City stated she moved here seven [7] years ago. She continued that she did not believe the residents of the rehab facility realized what a benefit a condotel would be for them. It would be a place for a family to stay and be in close proximity to the nursing home patients. It was not a new concept, but it was a good one. She was for the applicants.

Ken Schwanke of 104 South Third Street, Morehead City commented that he had many years of experience in hospitality and was a successful entrepreneur in commercial real estate. He stated that the sale of the Harborview property was not actively advertised outside Morehead City and that the area has 31 condos over the list price of \$250,000 on the market for sale. He said there is a need for senior services and that every major hotel brand has dropped the condotel concept.

Dale Britt, of Shepard Street, Morehead City and owner of the headboat, *Sensation* commented that in his business people always ask for hotel accommodations in downtown Morehead City. He was fully in favor of this proposal. He further stated that people go to Beaufort for hotel accommodations when they come to the Morehead City waterfront for the best fishing fleet. He encouraged the approval of the application.

Kerry McCann, stated she lives on 21st Street and own Jack's Waterfront Bar. She was very much in favor of this proposal. She continued that she served on the Downtown Morehead City Revitalization Association Board of Directors for five [5] years and everyone on the Board agreed that downtown Morehead City needed a hotel. Now, four [4] local investors will make an eyesore an opportunity. The area needs to be used and people want to walk to events.

Barry McCrory, representing Senior Care Properties, LLC commented that nightly rental is not compatible with a nursing home. He continued that it would not be a safe environment for the nursing home. He was opposed to the nightly rental and stated that Senior Care Properties, LLC won the first zoning challenge. He stated that his company has standards and provides a good service. He felt there were better places in Morehead City to build a hotel. He requested not to run the nursing home out of business and to consider the residents of the facility.

Jeff Garner, representing The Sanitary Restaurant on the Morehead City waterfront questioned how the nursing home residents will be disturbed by a hotel? The original use of the site was as a hospital with traffic day and night. He was in favor of the applicant.

Leslie Craft, an attorney from Winterville, North Carolina commented that she and her parents were "penciled in" for the purchase of units in the proposed condotel. She stated, "Let's make this happen." She continued that she knew this proposal was good and anticipated that her parents would be able to move into the nursing home in the future if necessary.

Linda Howard of 812 Shepard Street, Morehead City stated she was comfortable with the close proximity of the Police Department when it was located in downtown Morehead City, however, she was not comfortable with nightly rental. She continued that there will be safety issues and the proposal would affect the quality of life. She believed that the Hamad Family would go forth with this proposal no matter what. She was very opposed to nightly rentals, but not to a condominium located on the property.

Mack Baker of 5224 Driftwood Lane, Morehead City stated he has had a business in downtown Morehead City for 21 years. He continued that the downtown businesses have been trying for 15 years to get a hotel downtown and this may be the only chance. He was in favor of the applicant.

Bill Allen of 203 South 10th Street, Morehead City said he lives one [1] block to the west of this building. He would like to see the property defined as Special Use. He was concerned about security and traffic. He continued that if the application is approved as a Permitted Use, the citizens who live nearby will have no recourse.

Rodney Kemp of 1304 Shackleford Street, Morehead City stated he was representing no one but Rodney Kemp. He continued that he walks the Beaufort waterfront at least twice a week and is amazed at the amount of people there. He was for the redevelopment of the property and the applicants. He was of the opinion it was a move forward for Morehead City and would been a means for those who lost money in the bankruptcy proceedings a way to be re-compensated.

John Capps of 4102 Plantation road, Morehead City viewed the application as an opportunity. He just recently stayed at an adjoining motel next to a hospital in Durham. He stated that the four [4] businessmen who have invested in this project have also volunteered time and money to many of the local charities.

Jesse Allan of 203 South 10th Street, Morehead City stated that this was an opportunity to make Morehead City more charming and historic. However, it was necessary to be careful and prudent and that there was a reason for planning and process. He asked to protect the process and it was not just someone else's investment it was the entire community's investment.

Russell Lewis, Tideland Brewing Company, Morehead City and Queen Anne's Revenge Restaurant in Beaufort liked the idea of a hotel in downtown Morehead City. He stated that the Atlantic Hotel existed for quite a while and the downtown area was an attraction. This is an opportunity to jumpstart downtown Morehead City. He continued that

we must honor our past, but live in the present. Tourism is Carteret County's largest business. A high end hotel in downtown Morehead City will aid in the revitalization of the area. The City could also use the tax money this project will contribute.

Brenda Johnson of 905 Evans Street, Morehead City stated that there was no barrier between the proposed condotel and the residential area. The parking lot is in her backyard and she stated that car alarms go off at all times of the night. The traffic is much heavier with all the activities happening downtown. She continued that her family was here long before all the individuals who just want to develop the property for financial gain. She was completely against the condotel.

Doil Killmon of 903 Shepard Street, Morehead City said that the proposed project is a "can of worms that will not go away." He stated that 9th Street was the main feeder into this property. He urged the Council not to approve the application.

Sally Lumpkin of 4107 Sound Drive stated that her mother is full-time resident of Harborview. She mentioned that she was an Alternate Member on the Morehead City Board of Adjustment and should the issue need to go before that Board, she would excuse herself. She felt that the definition of condotel should be adopted into the Unified Development Ordinance as a Special Use in the O & P Zone. This site has residential properties right across the street. The residents of the nursing home and the local neighborhood will be impacted the most. She was against the application as a Permitted Use.

Sam Guthrie, former Councilmember of Morehead City stated that the Planning Board felt it would be a good project. He stated he wanted to see families living in the vacant property. The Planning Board also felt it would be an asset. He was in favor of the applicants.

Mark Golitz of 1405 Oglesby Road and owner of a rental at 903 Evans Street, Morehead City stated that if he had needed a Special Use Permit for his business, he would not have the business. The necessity for the extra review can be used to stonewall a business and at that point who would want to invest in the area? He was of the opinion that it should be as easy as possible to open a business. The foot traffic in downtown Morehead City he felt was non-existent. He commented it was necessary to make businesses as welcome as possible so they would invest in this community.

Robert Purifoy of Olympic Dive Shop in Morehead City stated he was in favor of the project. He felt it was important to bring people downtown and the area needed hotels. He continued that his business needs hotels. The Buccaneer Hotel up the street closed and this has impacted his business. People come to dive and ask to stay in downtown Morehead City close to his dive shop.

Mark Mansfield of 1451 Highway 24, Morehead City stated he was a lifelong resident of the City and owns multiple businesses here and is also in real estate. He commended the Council for their service and planning to protect people. He continued that some of our local hotels sit right on the edge of residential areas. There is a need to keep taxes low and receive more tax revenues. The condotel would be a source of tax revenues. He was in support of the applicant.

Adelaid Guthrie Willis stated she is from the Promise Land in Morehead City. She stated that Morehead City had lost the fishing fleet and the fishing houses and that people want to see these things that disappeared. Downtown revitalization is a wonderful thing. However, the hotels in this area did not stay in business. She predicted that the proposed hotel will not be full all the time, but the rehab center will stay full. She stated that the employees at the nursing home are upset about losing their jobs if the proposed condotel becomes a reality. If the condotel fails, someone else will purchase it and do whatever they want with it.

Candice Rooney of 404 South 14th Street, Morehead City stated she strongly supported this project as a Permitted Use and it would be great to renovate the current eyesore the building has become. She continued that she had a blind husband who walks downtown Morehead City with never a problem. Her dad would be also interested in residing at the condotel.

Adrian Holler, who is one of the investors in this project, and Chairman of Big Rock Sports stated that an integral part of his business were trade shows. He used to host shows in Morehead City, but has outgrown the available resources. Because his business cannot house or feed the visiting retailers in Morehead City, he has been forced to move his show outside the City. He would like to attract outside developers and investors to this area. He felt the condotel would provide an opportunity for existing downtown businesses.

Mayor Jones closed the public hearing.

Councilman Taylor commented that he considered the different inputs from the different groups and that often people do not like change. As a Councilman he stated that he was responsible to listening to desires, concerns, issues not only to the residents who live west of the project, but he also has to remember the neighborhood of people who work to the east of the project who would like to see “feet on the street”. He continued that he has volunteered for economic betterment organizations such as the Downtown Morehead City Revitalization Association which has always requested a hotel in downtown Morehead City. The applicants are using the original footprint of a building and making a business entity. He stated that every person on the Council had a vested interest in what happens with this application. He would like to see the jib property a venue for entertainment, fishing tournaments, festivals, concerts, etc. He would like to see a place to stay in Morehead City for all the different venues as Morehead City was considered a fishing paradise with a strong charter fleet. If the downtown area cannot provide services and amenities, the people will go elsewhere. The O & P District was designed as a transitional zone between business and residential properties. The advantage of a condotel was the need for less parking than a full service hotel. He commented that there was a commonality between the nursing home and the proposed condotel in the tower as both were in the business of managing “transient traffic”. He offered the following definition for a condominium hotel/condotel:

“Multifamily dwelling of ten [10] or more residential units in condominium form of ownership utilized for mixed transient and permanent occupancy, in which some or all units may be rented out by the owner[s] thereof on a daily or more extended basis, and which shall have on-site front desk staffed twenty-four [24] hours, seven [7] days a week every week, 365 days a year and management services. Other typical hotel services may be provided for occupants of the premises such as cleaning, laundry, switchboard service, meeting rooms, limited breakfast service and fitness center; provided, however, that no full service restaurant or bar shall be operated on the premises. The maximum size of the facility will be limited by available parking spaces based upon two [2] spaces per unit.

Condominium Hotel/Condotel shall be a Permitted Use in the O & P [Office & Professional] Districts within the Town of Morehead City and its extra-territorial jurisdiction.”

Councilman Taylor MOVED, seconded by Councilwoman Warrender, to adopt Ordinance 2014-29 and Resolution 2014-32 of the Council of the Town of Morehead City, N.C. to amend Articles 2-2 and 11-3 of the Unified Development Ordinance [UDO] to add a new definition for “Condominium Hotel/Condotel” and to add the Use as a “Permitted Use” in the Office and Professional [O & P] District with the included conditions:

- ***Multifamily dwelling of ten [10] or more residential units in condominium form of ownership utilized for mixed transient and permanent occupancy***
- ***Some or all units may be rented out by the owner[s] thereof on a daily or more extended basis***
- ***Have on-site front desk staffed twenty-four [24] hours, seven [7] days a week every week, 365 days a year and management services***
- ***Other typical hotel services may be provided for occupants of the premises such as cleaning, laundry, switchboard service, meeting rooms, limited breakfast service and fitness center; provided, however, that no full service restaurant or bar shall be operated on the premises.***
- ***The maximum size of the facility will be limited by available parking spaces based upon two [2] spaces per unit.***

Mayor Jones requested discussion from the Councilmembers on the above motion.

Councilman Walker stated he heard so much about fear this evening that he read an article about fear. He continued that we are all citizens of this City and want the best for this City. He had concerns that the City has not worked on this type of development before.

Councilman Taylor explained that he did not override the recommendation of the Planning Board. His above definition included every condition set by the Planning Board. Be it a Permitted Use or a Special Use, both paths are reviewed by the City, both can be appealed, and both can end up in court.

Councilmen Walker and Taylor then debated other suitable sites for a condotel.

Planning Director Staab explained that any decision which is made by the City can be appealed, however, there is a statute of limitations on the time length to appeal and any decision would have to adhere to that schedule.

Councilman Walker commented that he wanted the project to work, but did not want it to affect something which may happen “down the road”.

Councilman Ballou questioned the differences between Special Use, Permitted Use and Conditional Use.

Councilman Taylor commented that the applicants have decided not to go forward with the project if it is classified under Special Use because of the necessary implications.

City Attorney Derek Taylor explained that there are two [2] paths to the appeal process; one if the administrative body made a mistake, someone can challenge the determination of the administrator under Permitted Use. That person could say the City got it wrong and it can be taken to the Board of Adjustment to determine if the decision was correct.

A Special Use applies a different set of standards; such as will this use interfere with the rights of people with regard to noise, traffic, other nuisances, etc. These are reviewed by the Board of Adjustment. The question here would be, “Did the City get it right by the process?”

Councilwoman Warrender commented that by reading the definition there are all kinds of businesses or buildings which can be built across from a residential area. She did not understand why the concept of a condotel was so frightening.

Councilman Walker stated he was afraid of taking away peoples’ rights.

Councilwoman Warrender replied that she lives five [5] blocks from this facility. It was a condominium for years and many people lived there. It will still remain a condo. Many people may want to stay just a night. There are motels and hotels all over Morehead City. The condotel is a business which is beneficial to the City. The Council has talked about maybe having to raise taxes again. If the City could get the type of businesses such as the proposed which pays such taxes, the necessity of a tax increase may be eliminated.

Mayor Jones called the question to vote on the motion for the adoption of the Ordinance as a Permitted Use.

City Attorney Nelson Taylor explained that according to procedure it was possible to vote on the single question of Permitted Use or Special Use. He restated that Councilman Taylor also spoke about the front desk service as being 24 hours/seven [7] days a week/365 days a year which could be added to the motion. He explained that this definition will apply to condotels in O & P District and that all condotels in Morehead City and its subject area shall have to have this definition.

Councilman Thompson called for the vote to adopt the Ordinance as a Permitted Use with the conditions as stated by the City Attorney. Councilman Thompson, Councilman Taylor and Councilwoman Warrender voted affirmative with Councilman Ballou and Councilman Walker voting opposed. [The motion needed a super majority to pass and will be on the September 9, 2014 Council Agenda at which time a simple majority will be needed for passage.]

Mayor Jones called for a five [5] minute recess. Upon returning from the recess the Council resumed the meeting.

Councilman Ballou MOVED, seconded by Councilman Walker to excuse Councilman Thompson from the meeting at 9:05 p.m.

V.A. New Business: Adopt Resolution 2014-33 to Authorize the Execution and Filing of an Application with the State of N.C. for a Loan or Grant to Aid in the Cost of the 2014 Wastewater Pumping Station and Force Main Improvements Project

City Manager Whitlow reported that the resolution must be adopted if Morehead City wants to apply for funding for the West End Sewer Improvements Project this year. The project will require approximately three [3] years to complete (2017). The purpose of the project is to reduce the existing and future flows through the sewers in the central portion of the Morehead City sewer system, which at this time are loaded since the original sewer lines were not designed for the west end growth that has occurred the past 30 years. The existing and future flows will be reduced in the older portion of the sewer system by constructing a regional type pump station at the Town's Arthur Farm Road property along with a new force main from the pump station site all the way back to the Morehead City Wastewater Treatment Plant.

The rate study prepared last fall included the project with an estimated cost of \$2,500,000 to be financed at 2.5% over 20 years. Current interest rate is 2.21%. There is no obligation for Morehead City to accept the funding if funding is offered.

Councilman Taylor MOVED, seconded by Councilwoman Warrender, and carried unanimously [Councilman Thompson excused] to Adopt Resolution 2014-33 to Authorize the Execution and Filing of an Application with the State of North Carolina for a loan or grant to aid in the cost of the 2014 Wastewater Pumping Station and Force Main Improvements Project. [Resolution 2014-33 is attached to and made a part of these minutes herein by reference.]

V.B. New Business: Approve the Execution of a Joint Memorandum of Understanding and Agreement between Wildwood Fire Department, Morehead City Fire Department and Carteret County, North Carolina

City Manager Whitlow reported that the Morehead City staff worked many months on consolidation of the Wildwood Fire Department with the Morehead City Fire/EMS Department. The Memorandum of Understanding and Agreement was a three-way agreement between Morehead City, the Wildwood Fire Department and Carteret County. Carteret County Commissioners unanimously approved the merger on July 21, 2014. The outcome of the merger should result in better service for the Wildwood Fire District and Morehead City will have more available responders and equipment available for improved service. The Public Safety Committee of the Council recommended approval of the agreement.

Councilwoman Warrender MOVED, seconded by Councilman Walker, and carried unanimously, [Councilman Thompson excused] to approve the execution of a Joint Memorandum of Understanding and Agreement between Wildwood Fire Department, Morehead City Fire Department and Carteret County, North Carolina. [The Memorandum of Understanding and Agreement is attached to and made a part of these minutes herein by reference.]

V.C. New Business: Authorize the City Staff to Seek Proposals for a Structural Assessment of the Charles Wallace School

City Manager Whitlow reported that with the completion of the Space Needs Analysis and the preference for renovation of the Charles Wallace School, the next procedure would be the further analysis of the condition and structural integrity of the building. MMM Design Group, the firm that completed the Space Needs Analysis, prepared a proposal to undertake such an assessment. The Public Works Committee recommended proceeding to procure costs for the assessment. It is estimated that it should cost approximately \$30,000.

Councilman Ballou MOVED, seconded by Councilman Taylor, and carried unanimously, [Councilman Thompson excused] to authorize the City Staff to seek proposals for a structural assessment of the Charles Wallace School.

VI. Citizen Requests/Comments: [2 minute time limit]

Rodney Kemp thanked the Council for pursuing the next phase for a renovation of the Charles Wallace School building.

Eric Broyles, founding Chairman of the Morehead/Beaufort Tea Party, spoke against the City budget and tax increase which were adopted on June 24th. He spoke about the City projects which in his opinion were unnecessary and against the unessential charitable contributions which the City had in the budget. He requested that the City put the taxes back to the prior tax rate and he petitioned the Council for redress.

VII. City Manager's Report: Adopt Resolution 2014-36 Authorizing the Upset Bid Process for Disposal of Real Property located at:

- **304 North 25th Street - Former Rescue Squad Building**
- **101 North 5th Street - Former Public Utilities Building**
- **1706 Bay Street - Vacant Lot**

City Manager Whitlow reported that the Council reviewed City owned real estate properties to determine if any could be declared surplus. Three [3] such properties were identified:

- 304 North 25th Street - Former Rescue Squad Building
- 101 North 5th Street - Former Public Utilities Building
- 1706 Bay Street - Vacant Lot

The adoption of Resolution 2014-36 would allow the Council to accept offers for the purchase of the property, accept upset bids and accept or reject any or all offers. The Finance Committee of the Council has reviewed the proposal and was going to set a minimum bid price, but thought a listed minimum bid was unnecessary. The Council still retains the right to decline any and all bids.

Councilman Ballou MOVED, seconded by Councilman Taylor, and carried unanimously, [Councilman Thompson excused] to Adopt Resolution 2014-36 authorizing the upset bid process for disposal of real property located at 304 North 25th Street - former Rescue Squad Building; 101 North 5th Street - former Public Utilities Building; 1706 Bay Street - vacant lot. The Council can accept offers for purchase of the property, accept upset bids and accept or reject any or all offers. [Resolution 2014-36 is attached to and made a part of these minutes herein by reference.]

VIII. Council Requests/Comments

Councilwoman Warrender questioned the letter she received from Maggie Chalk regarding the Jib property project. She assumed that the City will no longer be working with Maggie Chalk on that project.

City Manager Whitlow explained that when the project was changed the City no longer required the need for an architect but has retained the services of an engineer. If certain features are added in the future, the City can once again retain the architectural services of Maggie Chalk.

Councilman Ballou explained that the vote he cast on the O & P District change was not against having a hotel in downtown Morehead City. He was voting against the process of how the City got to the decision. He was of the opinion that it was dangerous to change decisions in midstream. He would like to see a hotel in downtown Morehead City and thinks it would be a great asset. The developers will do an excellent job, however, it was still his opinion that the project should be classified as a Special Use.

Mayor Jones reminded everyone that "Alive at Five" with *Liquid Pleasure* was this coming Friday.

- IX. CLOSED SESSION as per G.S. 143.318.11[a][3] to approve the CLOSED SESSION MINUTES of Tuesday, July 8, 2014; to receive an update on the Martin vs. Town of Morehead City and D.H. Griffin vs. Town of Morehead City litigation; and other Potential Litigation from the City Attorney**

There was no **CLOSED SESSION**.

- X. Adjournment:**

There being no further business, the meeting was adjourned at 9:20 p.m.

Gerald A. Jones, Jr., Mayor

Attest:

Jeanne M. Giblin, City Clerk